

SB3 Amendments and Suggested Grouping for Committee Action: January 22, 2007

Amendments	What the Amendments do	Reason
2-4	Reinstates PSC rulemaking and customer complaint resolution for promotions and provides clean-up language present in HB 244.	<ul style="list-style-type: none"> • Makes Section 1 exactly the same as HB 244. • Eliminates concerns of PSC and MCC.
5-9	SB3 modifies criteria for designation as an "Incumbent Local Exchange Carrier" (ILEC). These amendments simply change the numbering of the section.	Clean-up.
10-13 & 1	<ul style="list-style-type: none"> • SB3 says services that are optional are defined as "vertical features" and removes them from regulation. These amendments remove that language and alternatively define clearly what stays regulated. • Changes the title to conform to this amendment. 	<p>Several parties, including the PSC and MCC, had concerns about certain services not being regulated, or potentially unregulated. These amendments:</p> <ul style="list-style-type: none"> • Use language in federal law that defines all the services a company needs to provide in order to receive universal service funds. It is a good list of what are considered the important basic services for citizens and businesses. • Remove any ambiguity over what stays fully regulated.
14	<ul style="list-style-type: none"> • Changes the term "access line" to "regulated telecommunications service." • Adds a provision that, except for limited promotions, packages of optional services must be priced the same everywhere in the state. • Changes the title to conform to this amendment. • Adds clean-up language to change "vertical" features to "optional" services to be consistent with amendments 10-13. 	<ul style="list-style-type: none"> • Companies don't really price "access lines" for retail consumers. They price services that are provided over the lines, so this new definition is clearer. • Using the term "regulated services" instead of "access lines" ensures all regulated services like directory assistance or telephone relay are included in the new pricing rules. • Statewide pricing ensures small exchanges benefit from strong competition in the largest markets. • An explanation of what this section of SB3 does is provided on the back.

Explanation of SB3 Section 4 (6) beginning on page 4, line 29.

Current law provides many protections for both unregulated telecommunication companies and consumers. Under current law, regulated companies:

- Must charge PSC set prices for all regulated services;
- Cannot engage in predatory pricing;
- Cannot subsidize unregulated services with earnings from regulated services, which effectively means you cannot price an unregulated service below cost.

If optional features are freed from regulation, all these provisions in current law will be in force, providing strong protections for both consumers and un-regulated companies. Still, during the course of developing this legislation there were concerns that additional protections were needed. Qwest had no objection to these additions, since they provide assurances we believe are already in law and/or address actions the company would never take.

"The price of a package combining regulated telecommunications service with one or more optional services may not be higher than the sum of the highest prices of the packages individually priced services."

Let us assume SB3 passes and a regulated company gave residential consumers the following "ala carte" choices (using fictional numbers):

Basic phone service (fully regulated):	\$26
Voice mail (not regulated):	\$ 2
Call Waiting (not regulated)	\$ 2
Call Forwarding (not regulated)	\$ 2

In this example, a regulated company could not charge MORE than \$32 for a package deal containing phone service with voice mail, call waiting, and call forwarding. It's hard to imagine a rational company doing this, but it will now be illegal.

"The price of those packages may not be less than the price of the regulated telecommunications services that are part of the package."

In the example above, a regulated company could not charge LESS than \$26 for a package deal containing phone service with any combination of voice mail, call waiting, and call forwarding. Since current law already prevents cross-subsidization this new provision is probably redundant, but it certainly doesn't alter any of the protections in current law.

"Except for offers made under 69-3-305, the pricing for packages that include regulated services and optional services must be offered to customers in Montana irrespective of geographic location."

All regulated companies will have to charge the same price everywhere for packages of optional services. The only exception is for short-term promotions (69-3-305). Those few customers who live in an area with less competition will have the benefit of price competition in the largest markets. Only 12% of Qwest customers live in an area without at least one competitor offering phone service through physical connections to the customer -- either cable or wire (not counting re-sellers, wholesalers, cell phones, or satellites which are also in almost all these same markets). The company already has to offer competitive prices in the vast majority of markets and this ensures the benefits will accrue to every customer.